

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 /030 W
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R 301457Z APR 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 7876
INFO USDOC WASHDC
USDA WASHDC
AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY ATHENS
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TEHRAN

UNCLAS SECTION 1 OF 2 KUWAIT 2324

ATHENS FOR RTDO FOR ED KINNEAR

USDOC FOR BIC/CAGNE FOR ROBERT F. RUAN

USDA FOR FAS/W

E.O. 11652: N/A
TAGS: BEXP, KU
SUBJECT: FY 1979 USDOC/CAGNE TRADE PROMOTION PROGRAM

REF: (A) STATE 081091, (B) FAM 10 PARA 310.

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1. EMBASSY HAS EVALUATED THE KUWAIT MARKET ON A SECTOR BY
SECTOR BASIS AND HAS DETERMINED THAT THE FOLLOWING THEMES
REPRESENT AREAS OF MARKET POTENTIAL FOR U.S. INDUSTRIES IN
FY 79:

A. HEALTH SERVICES, MEDICAL EQUIPMENT AND TECHNOLOGY
-- SIX HOSPITALS WITH A TOTAL CAPACITY OF 2600 BEDS ARE

UNDER CONSTRUCTION OR NEARING COMPLETION. EQUIPING AND SUPPLYING THESE PUBLIC HOSPITALS, AS WELL AS THE GROWING NUMBER OF PRIVATE CLINICS AND HOSPITALS, WILL PRESENT ONGOING OPPORTUNITIES FOR AMERICAN FIRMS. THE MANAGEMENT CONTRACT FOR EQUIPMENT PURCHASES FOR THESE HOSPITALS HAS NOT YET BEEN AWARDED, BUT THE PRESENT SHORT LISTING IS ALMOST TOTALLY COMPOSED OF AMERICAN FIRMS. THE BEST VEHICLE FOR THIS AREA OF TRADE PROMOTION WOULD BE A SMALL TRADE MISSION DIRECTED AT THE MINISTRY OF HEALTH AND POTENTIAL AGENTS. GIVEN RELATIVELY LIMITED NUMBER OF PERSONS TO BE SEEN IN KUWAIT, MISSION SHOULD BE LIMITED TO 6 MEMBERS AT MOST. TIMING FOR THIS MISSION SHOULD BE SPRING 1978.

B. FOOD SHOW, AGRICULTURAL EXPORTS, FOOD PROCESSING & PACKAGING, FOOD PRODUCTS MARKETING -- KUWAIT, AS WELL AS THE REST OF THE GULF AREA, WILL REMAIN NET IMPORTER OF FOODSTUFFS FOR THE FORESEEABLE FUTURE. WITH THE RISING AFFLUENCE OF THE REGION, MORE AND MORE QUALITY GOODS WILL BE DEMANDED. U.S. AGRICULTURAL EXPORTS HAVE COME TO BE IDENTIFIED WITH THIS CONCEPT OF QUALITY. HOWEVER, AMERICAN FOOD PRODUCTS ARE NOT UNIVERSALLY KNOWN AMONG THE POPULACE OR THE MAJOR IMPORTERS; CERTAIN MISCONCEPTIONS ARE ALSO RIFE, I.E. AMERICAN RICE MEANS ONLY UNCLE BEN'S CONVERTED RICE. A FOOD EXHIBITION (WITH AN ABSOLUTE MINIMUM OF 30 PARTICIPANTS) WOULD BE THE PROPER MEDIUM FOR FOOD EXPORT PROMOTION. A FOOD EXHIBITION IN KUWAIT COULD DRAW PARTICIPANTS FROM THE GULF REGION. KUWAIT HAS AS WELL A NASCENT FOOD PROCESSING AND PACKAGING INDUSTRY, AND EMBASSY HAS UNCLASSIFIED

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LEARNED OF CONSIDERABLE INTEREST IN FURTHER INVESTMENT AND DEVELOPMENT IN THIS SECTOR. THE PREDOMINANT PLAN IS BULK PURCHASES AND THEN PROCESSING/ PACKAGING UPON DELIVERY. A FOLLOWUP TRADE MISSION ON FOOD PROCESSING AND PACKAGING AFTER THE FOOD EXHIBITION WOULD SERVE TO REINFORCE AMERICAN PRODUCT PREFERENCE AND ALLOW EARLY AMERICAN MARKET DOMINANCE IN A DEVELOPING INDUSTRY. ANOTHER TRADE PROMOTION CONCEPT WORTHY OF EXPLORATION IS THAT OF A MARKETING SEMINAR ON IN-STORE FOOD PROMOTION. THE POSSIBLE VEHICLE/SCENARIO WOULD INVOLVE A VISIT BY REPRESENTATIVES OF SUCH AN ORGANIZATION AS THE NATIONAL FOOD BROKERS ASSOCIATION, WHO WOULD BRING AMERICAN SUPERMARKET MERCHANDISING TECHNIQUES AND DISPLAYS TO A LOCAL RETAIL OR COOPERATIVE FOOD OUTLET. EFFECTIVE MERCHANDISING OF AMERICAN PRODUCTS MEANS GREATER SALES.

C. ALTERNATIVE: FRANCHISE TRADE MISSION -- CONSIDERABLE INTEREST HAS BEEN EVIDENCED BY LOCAL FIRMS IN FAST FOOD OPERATIONS. ONLY EXISTING OUTLETS PRESENTLY IN KUWAIT ARE WIMPEY

HAMBURGERS AND KENTUCKY FRIED CHICKEN. PROBLEMS SEEM TO EXIST HOWEVER WITH INSURING THE QUALITY OF THE MEAT; THIS HAD BEEN GIVEN AS THE REASON FOR PREVIOUS DECISION BY MACDONALD'S NOT TO ENTER THE GULF MARKET.

D. ALTERNATIVE: RECREATIONAL AND SPORTS EQUIPMENT. ON BOTH A PRIVATE AND ON A GOVERNMENTAL LEVEL, RECREATIONAL FACILITIES ARE BEING BUILT AND EXPANDED. SEVERAL MAJOR RECREATIONAL PARKS ARE NOW BEING PLANNED. LEISURE TIME ACTIVITIES ARE ASSUMING GREATER IMPORTANCE TO KUWAITIS AND EXPATRIATES. A TRADE MISSION WOULD SERVE AS THE PROPER FORMAT FOR PROMOTING RECREATIONAL PRODUCTS (I.E. BOATS TO TENNIS RACQUETS). THE TIME WOULD BE BEST IN LATE 1979.

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ATHENS FOR RTDO FOR ED KINNEAR

USDOC FOR BIC/CAGNE FOR ROBERT F. RUAN

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E. ALTERNATIVE: CONSUMER ELECTRONICS PRODUCTS -- PROMPTED BY KUWAIT'S BURGEONING AFFLUENCE AND ITS CONSUMER'S FASCINATION WITH NOVELTY ESPECIALLY IN ELECTRONIC PRODUCTS (SUPER MINIATURE T.V.'S, LARGE SCREEN T.V.'S, CORDLESS TELEPHONES ETC.). THE BEST PROMOTIONAL VEHICLE WOULD BE A TRADE MISSION. ALTHOUGH KUWAIT HAS A SMALL AFFLUENT UNCLASSIFIED

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POPULATION, ITS TRADING AGENCIES ALSO REEXPORT DOWN THE GULF AND INTO OTHER ARAB COUNTRIES. HOWEVER, JAPANESE COMPETITION IS STIFF.

2. TIMING. BEING BASED ON A LUNAR YEAR, THE ISLAMIC CALENDAR CHANGES YEAR BY YEAR. RAMADAN AND THE SUMMER MONTHS (JUNE 15 - OCTOBER 1) ARE TIMES TO ALWAYS AVOID. THE EMBASSY ANNUALLY REPORTS A CALENDAR OF KUWAITI HOLIDAYS TO STATE AND USDOC, AND THIS CALENDAR SHOULD BE CONSULTED BEFORE PLANNING ANY EVENT.

3. MARKET RESEARCH. EMBASSY IS ABLE TO CONDUCT LIMITED MARKET RESEARCH; BUT, WITHIN CERTAIN LIMITATIONS, IT IS POSSIBLE TO SECURE MARKET DATA FROM THE KUWAIT CHAMBER OF COMMERCE AND INDUSTRY. GENERALLY, A USDOC OR TRADE ASSOCIATION EXPERT COULD GIVE A MORE ACCURATE EVALUATION OF MARKET FEASIBILITY AND POTENTIAL, PARTICULARLY ON TECHNICAL SUBJECTS.

4. FOR TRADE MISSIONS, SEMINAR MISSIONS AND/OR IOGA'S, THE FOLLOWING DETAILS CANNOT, REPEAT CANNOT, BE OVER-LOOKED:

A) THURSDAY NOON THROUGH FRIDAY ARE LOCAL HOLIDAYS. GOVERNMENTAL OFFICIALS ARE NOT AVAILABLE AND LITTLE, IF ANY, BUSINESS CAN BE CONDUCTED WITH PRIVATE FIRMS.

B) RESERVATIONS FAR IN ADVANCE ARE NECESSARY AT ALL HOTELS; ROOMS ARE A SCARCE COMMODITY AND WILL REMAIN SO DURING THE BUSINESS SEASON (SEPTEMBER THROUGH MAY) UNTIL MORE HOTELS ARE ERECTED.

C) MATERIALS POUCHED TO KUWAIT TAKE 3 TO 4 WEEKS TO ARRIVE. INTERNATIONAL MAIL IS SLIGHTLY FASTER BUT ALSO FAR LESS SECURE. EMBASSY CONSISTENTLY HAS RECEIVED BROCHURES AFTER DEPARTURE OF MISSION. UNCLASSIFIED

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E) WITH CURRENT WORKLOAD AND STAFFING, EMBASSY CAN
SUPPORT 4 MISSIONS A YEAR - 2 IN FALL AND 2 IN WINTER/SPRING.

5. SINCE FOREIGN TRADE MISSIONS AND DELEGATIONS COME
TO KUWAIT ON THE AVERAGE OF ONE EVERY TWO TO THREE DAYS
THE HURRIED, SHORT TRADE MISSION IS A NON-EVENT AND
GENERALLY A NON-PRODUCTIVE ONE. WITHOUT A SIGNIFICANT
INVESTMENT IN TIME AND PREPARATION, A TRADE MISSION
BECOMES A TEXT-BOOK EXAMPLE OF POOR MARKETING. A TRADE
MISSION THEREFORE SHOULD STAY IN COUNTRY LONGER (4 TO
5 DAYS), HAVE MARKET RESEARCH AVAILABLE FROM THE START
(6 WEEK LEAD TIME), HAVE MISSION BROCHURES AND COMPANY
LITERATURE ON HAND FOR PROMOTION (4 TO 6 WEEKS LEAD TIME),
AND BE PREPARED TO HAVE MORE THAN JUST A SET OF SPECS
IN HAND AND AN ORDER BOOK TO BE ABLE TO MAKE A
SIGNIFICANT IMPACT.

6. ABOVE RECOMMENDATIONS PREDICATED ON ASSUMPTION THAT
-UNLIKE IN THE PAST- USDOC WILL GET PROMOTIONAL MATERIAL
TO THE POST WELL IN ADVANCE.
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